

2009

Moving People and Goods The Governor's Rail and Port Investment Plan to Transform Transportation in Maine, 2009

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Moving People and Goods

The Governor's Rail and Port Investment Plan





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Introduction.....	1
Summary of Investments.....	2
Passenger/Freight Rail and Port Investment.....	3
Rail Investment.....	3
Port Investment	3
Rail Connections.....	6
State Rail Funding Programs.....	15
Port Connections.....	17





Moving People and Goods

The Governor's Rail and Port Investment Plan to Transform Transportation in Maine

Introduction

Maine's passenger and freight rail networks are often viewed as one and the same. Over the last several years, a number of rail and port initiatives have been developed, and several are prepared to move forward. Historically, investment in the state's rail and port systems provides a multiple return-on-investment—particularly those rail corridors that provide both passenger and freight services.

In order to compete in the global marketplace, the connections to the region and the world between our freight rail system, ports, and the highway system need to be as seamless as possible, and must operate at maximum efficiency. Carrying out the following plan will help our manufacturing sector be more competitive, reduce wear and tear on our highways and bridges, limit the transportation impacts on climate change, and increase transportation and mobility options.

The following summarizes investment opportunities contained within Governor Baldacci's Rail and Port Investment Plan, *Moving People and Goods*. In order to carry out this ambitious and transformative initiative, a combination of funding sources would be utilized, including: the American Recovery and Reinvestment Act (ARRA—funding awarded based on a national, competitive basis); funding approved by the Legislature and being submitted for voter approval in November of 2009; the leveraging of capital from federal rail-tax credits available to private railroads; federal *New Market Tax Credits*; and direct private investment. The level of this leveraging will be determined as the projects are developed.

Summary of Investments and Funding Sources

	Governor's Proposed 2010-2011		
	Bond Funds*	ARRA**	Other***
Regional Rail Connections:			
• <i>Amtrak Downeaster</i> Corridor:			
Downeaster Extension to Brunswick - HSR		\$35 million	
Corridor Improvements Partnership (ME/NH/MA) - HSR		\$20 million	
• <i>Mountain Division</i> to the Port of Portland - TIGER		\$30 million	
• The International E/W Rail/Energy Corridor - TIGER		\$20 million	
• Eastport Gateway Project-TIGER		\$22 million	
Subtotal:		\$127 million	
Maine Rail Connections:			
Improvements State-Owned rail lines	\$1 million		
Industrial Rail Access Program (IRAP)	\$1 million		
Critical Rail Corridors Program	\$2 million		
Subtotal:	\$4 million		
Port Connections:			
Three-Port Connections Initiative:			
Port of Eastport (Capacity Enhancement) - TIGER	\$4.5 million	\$ 0.5 million	
Portland IMT (Capacity Enhancement)		\$13.5 million	
& CAD Cell - TIGER		\$ 7 million	
Port of Searsport – Mack Point - TIGER			
Searsport Channel Dredge (State Match)	\$1.25 million		\$15.25 million
Subtotals	\$5.75 million	\$21 million	\$15.25 million
Grand Totals	\$9.75 million	\$148 million	\$15.25 million
<hr/>			
Total Package	\$173 million		

*General Obligation

**American Reinvestment and Recovery Act (ARRA) Funding Breakdown

High Speed Rail & Intercity Rail Fund (HSR) \$55 million

USDOT TIGER Discretionary Fund (TIGER) \$93 million

***Other funding from ACOE and private funds

Passenger/Freight Rail and Port Investment

Rail Investment

Freight Rail

Investment in freight rail improves efficiency and reliability. Today, Maine is about 85% truck-dependent when it comes to moving its commercial freight. Connections between the rail system and the state's marine and inland ports must be improved to increase the percentage of rail and port usage.

Passenger Rail

Maine's passenger rail system has been evolving over the last several years. Since the Amtrak *Downeaster* began operating in 2001, it has transported more than 2.2 million passengers and taken more than 200 million passenger miles off the roads, while generating hundreds of millions of dollars in private development. Rail improvements to reduce travel time and expand service will have a profound impact on the transportation and economic benefits of passenger service in Maine, and will lay the foundation for the development of future services.

Port Investment

Marine Ports

Maine's Three-Port Strategy has served the state well. The seaports of Eastport, Portland, and Searsport have experienced average annual growth rates of 5.6% in dry cargo over the last 20 years, in large part due to two factors. First, Maine shippers used Maine ports in preference to out-of-state ports. Second, Maine has made continuous investment efforts at these ports.

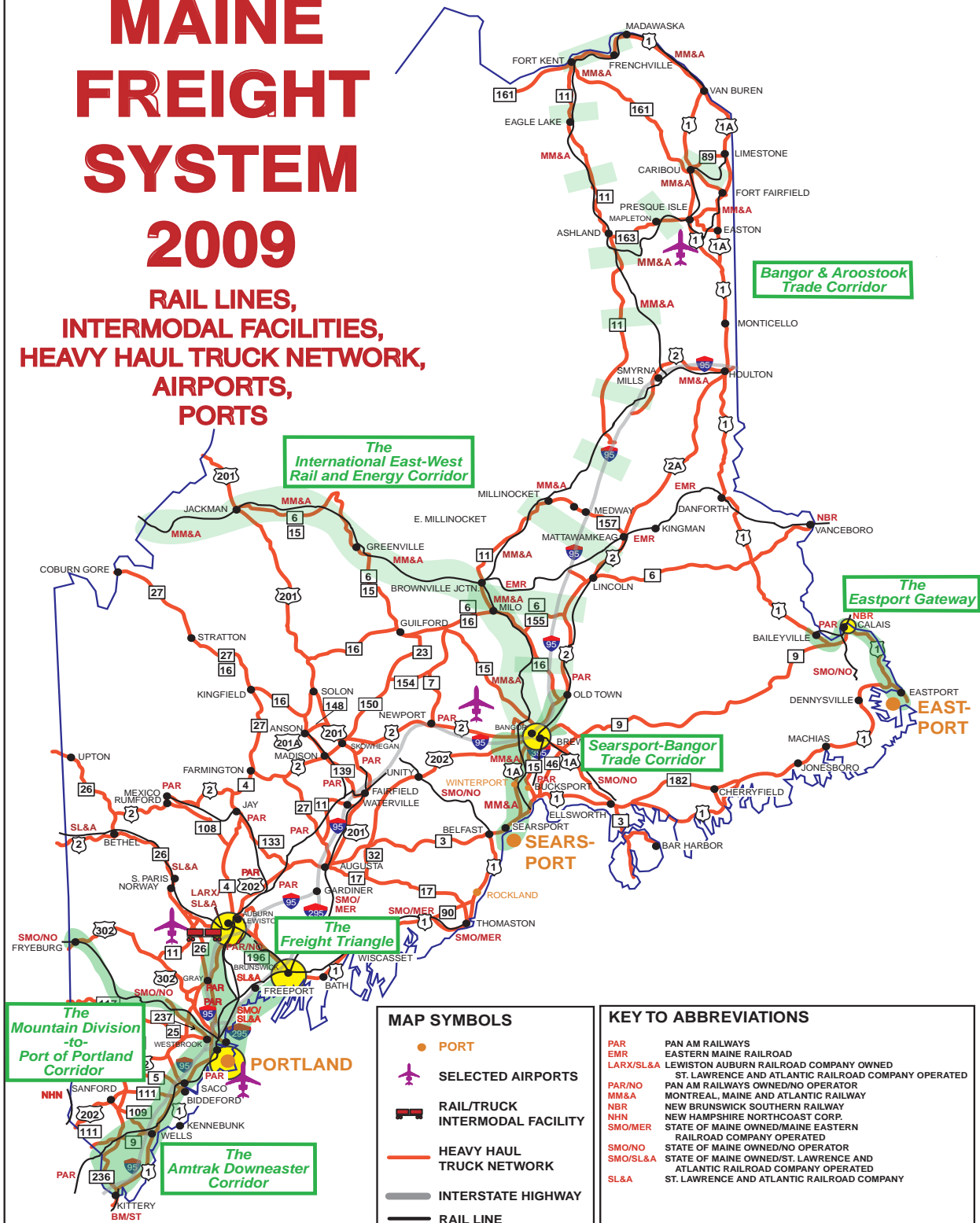
It is very important that new capital be infused at all three ports. In Searsport, Sears Island is the beneficiary of a historic compromise between port interests and environmental/conservation interests, pursuant to execution of the agreement crafted by the Joint Use Planning Committee. Subsequently, the port's development can now be marketed globally. In Portland, the Maine Port Authority (MPA) and the city of Portland have recently entered into an agreement whereby the MPA will lease and operate the International Marine Terminal (IMT). Finally, the Port of Eastport needs to quickly begin adapting to new cargos in order to flourish. These projects are essential for our ports to be able to handle new "green" cargos such as wind-power equipment.

"Inland Ports"

Maine's largest container port is actually not on the coast. The Auburn Intermodal Facility moves more container cargo than any other Maine port. The relationship of the Port of Searsport to a potential, second inland port at Bangor promises to increase the volume of freight to that region's port and rail system. Greater freight volumes will increase the competitiveness of freight rail and help lower rates for Maine shippers.

MAINE FREIGHT SYSTEM 2009

**RAIL LINES,
INTERMODAL FACILITIES,
HEAVY HAUL TRUCK NETWORK,
AIRPORTS,
PORTS**



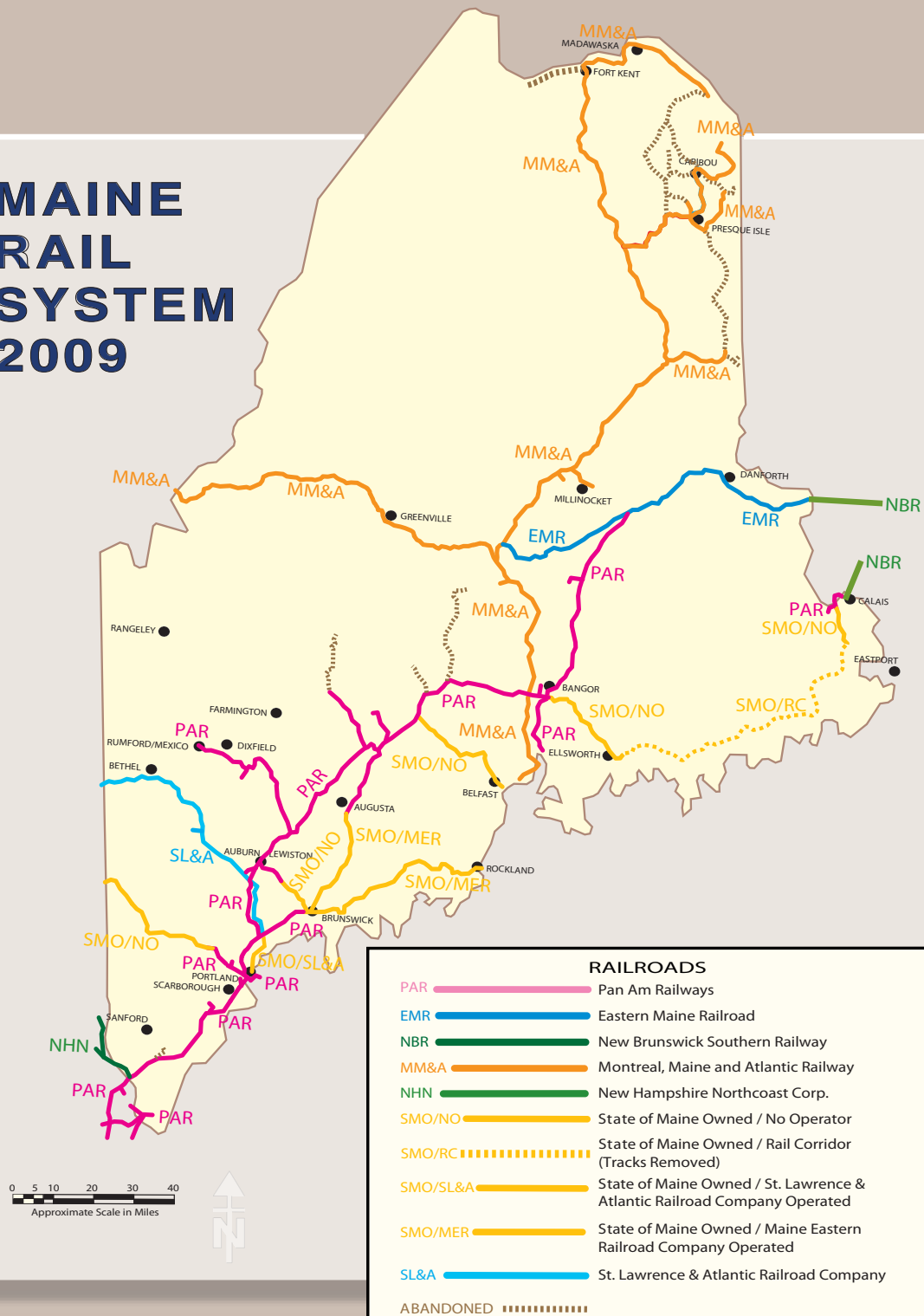
MAP SYMBOLS

- PORT
- ✈ SELECTED AIRPORTS
- 🚚 RAIL/TRUCK INTERMODAL FACILITY
- HEAVY HAUL TRUCK NETWORK
- INTERSTATE HIGHWAY
- RAIL LINE

KEY TO ABBREVIATIONS

- | | |
|-----------|---|
| PAR | PAN AM RAILWAYS |
| EMR | EASTERN MAINE RAILROAD |
| LARX/SL&A | LEWISTON AUBURN RAILROAD COMPANY OWNED |
| PAR/NO | ST. LAWRENCE AND ATLANTIC RAILROAD COMPANY OPERATED |
| MM&A | PAN AM RAILWAYS OWNED/NO OPERATOR |
| NBR | MONTREAL, MAINE AND ATLANTIC RAILWAY |
| NHN | NEW BRUNSWICK SOUTHERN RAILWAY |
| SMO/MER | NEW HAMPSHIRE NORTHCOAST CORP. |
| | STATE OF MAINE OWNED/MAINE EASTERN |
| | RAILROAD COMPANY OPERATED |
| SMO/NO | STATE OF MAINE OWNED/NO OPERATOR |
| SMO/SL&A | STATE OF MAINE OWNED/ST. LAWRENCE AND |
| SL&A | ATLANTIC RAILROAD COMPANY OPERATED |
| | ST. LAWRENCE AND ATLANTIC RAILROAD COMPANY |

MAINE RAIL SYSTEM 2009



MaineDOT

Rail Connections

Amtrak Downeaster Corridor - \$55 Million

(American Reinvestment and Recovery Act High Speed Rail Funds)

The Amtrak *Downeaster* Corridor is a 146-mile rail corridor between Boston, MA and Brunswick. Approximately 36 miles of track from Boston to Plaistow, NH are owned by the Massachusetts Bay Transportation Authority (MBTA). Another 109 miles are owned by Pan Am Railways (about 83 miles is freight mainline track). Finally, one mile is owned by the state of Maine. The portion of the line between Portland and Boston was fully rehabilitated to Class 3 and 4 standards in 2000 in order to support passenger service.

The Amtrak *Downeaster*, managed by the Northern New England Passenger Rail Authority (NNEPRA), currently operates five round trips daily between Portland and Boston, with eight intermediate stops. The approximate annual FY 2009 ridership is 470,000 passengers.

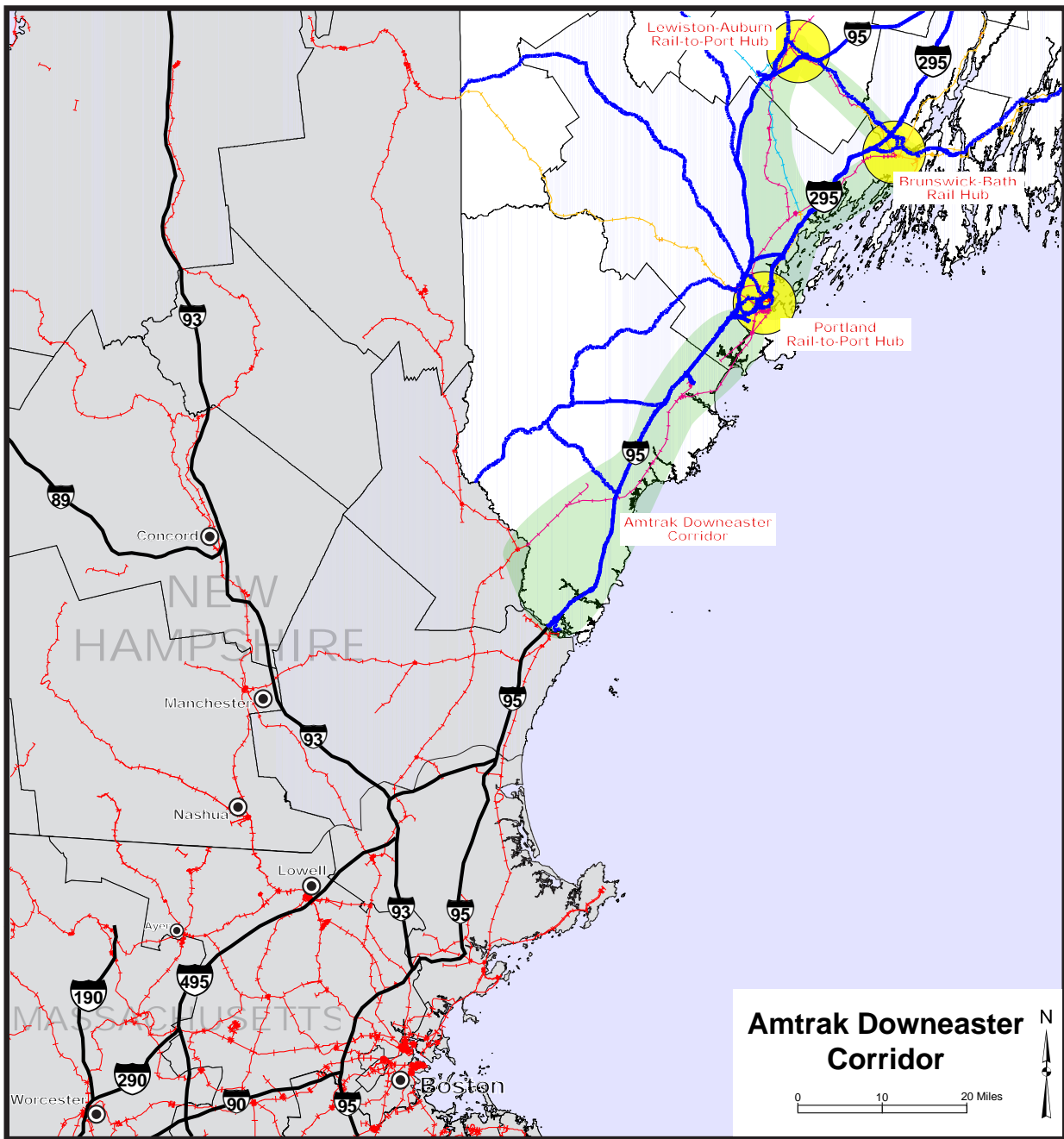
A \$35 million project will rehabilitate approximately 30 miles of existing rail to Class 3 standards in order to support the extension of the Amtrak *Downeaster* intercity passenger rail service from Portland to Brunswick, with a stop in Freeport.

The increased highway traffic volume projected to occur in the Amtrak *Downeaster* corridor over the next 20 years is a prime catalyst for this investment, but there other factors as well. Once in Brunswick, the Amtrak *Downeaster* will connect to Rockland via Maine Eastern Railroad excursion service on the state-owned *Rockland Branch*, and subsequently to our island communities via the Maine State Ferry Service. The *Downeaster* Extension project will improve regional mobility, promote economic development, and expand tourism opportunities along the entire corridor from Boston through to Mid-coast Maine.

The rail line to be rehabilitated by this project is owned by Pan Am Railways and is one of the state's most important freight corridors. Improvements made to support passenger service will improve reliability of freight service as well. The project is fully supported by both Pan Am and Amtrak.

The *Downeaster* Extension has already stimulated approximately \$25 million in private investment in stations, retail space, residential housing, and commercial complexes adjacent to train platforms in Freeport and Brunswick. These developments are expected to create approximately 200 new permanent jobs.

During the last legislative session, the Governor and the Maine Legislature dedicated a revenue stream to the MaineDOT State Transit, Aviation and Rail (STAR) Account to support a Federal Railroad Administration loan that could fund such a project. However, because of new opportunities, the Governor proposes that Maine apply for 100% federal financing of the project through the American Recovery and Investment Act (ARRA). This will enable the state to utilize the resources in the STAR Account to fund other operating needs and/or capital projects in support of rail service.



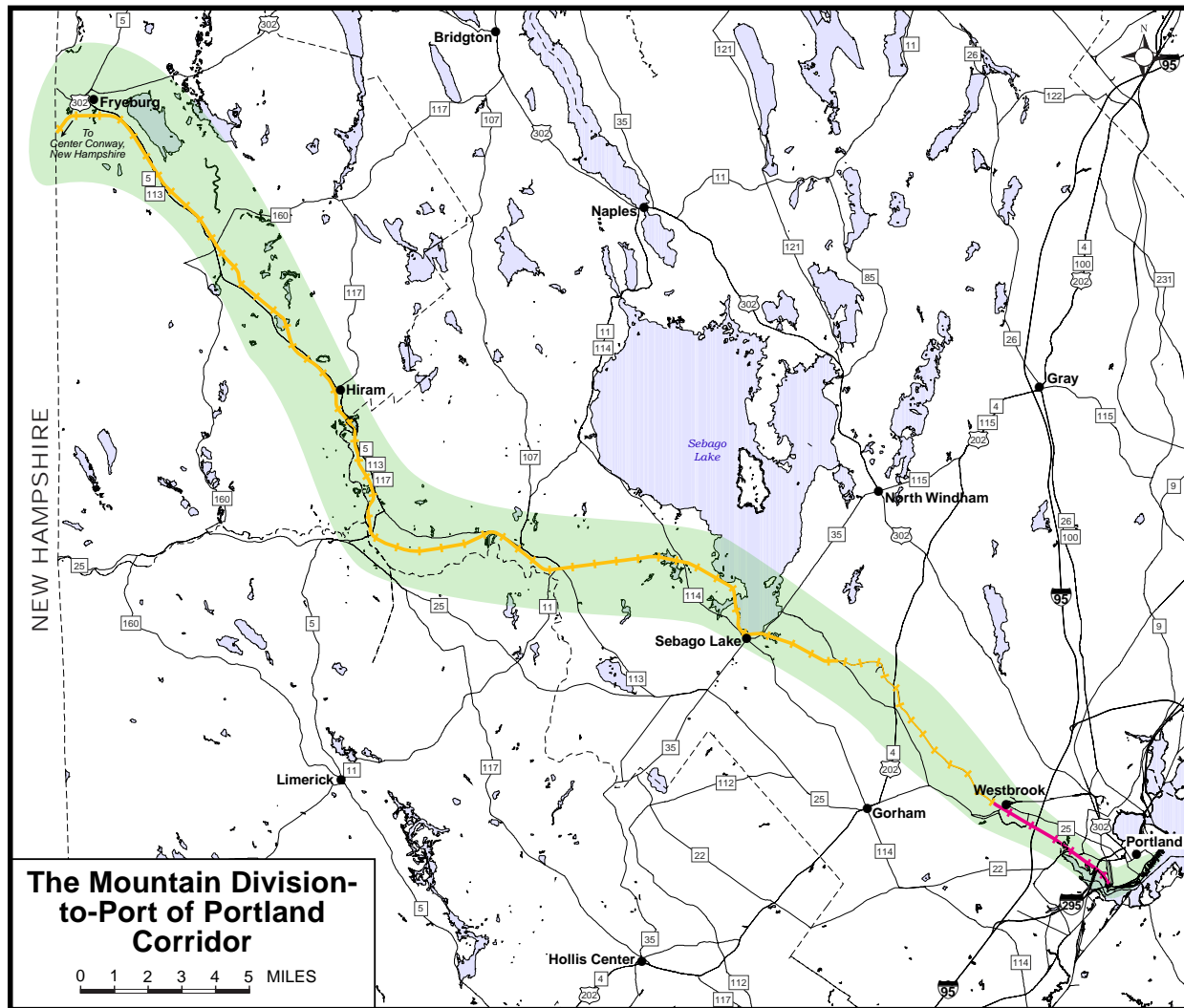
While extending rail service within Maine is a critical part of Maine's transportation strategy, improving service to and from the state would truly transform Maine's passenger rail network. The state of Maine is working with railroad partners to develop a capital improvement plan that will reduce *Downeaster* travel time between Portland and Boston to two hours. Such an improvement would increase ridership by up to 40%, generate 50% more operating revenues and create a solid foundation upon which to develop future freight and passenger service within Maine.

Maine, Massachusetts and New Hampshire will jointly apply for approximately \$20 million in capital grants to be made available to fund intercity passenger rail improvements through the ARRA's Inter-

city Passenger Rail Capital Assistance to States Program, the Passenger Rail Investment and Improvement Act (PRIIA), and other federal programs, to fund this project.

The Mountain Division-to-Port of Portland Corridor - \$30 Million

This corridor includes construction of the proposed \$8 million Ocean Gateway Megaberth in Portland, and of the \$22 million rehabilitation of the *Mountain Division* rail line to Fryeburg. This initiative is eligible for ARRA funding.



The Mountain Division - Freight and Passenger Benefits

This 51-mile corridor connects the national rail system in Portland and Maine's western mountains. This line has substantial freight and future passenger potential and can be developed in stages. A 2007 study commissioned by the Maine Legislature's Transportation Committee showed freight rail potential that would remove significant truck traffic from the Route 113 and 302 corridors. The first stage would be a \$22 million track rehabilitation, which would support freight rail operations and excursion passenger rail to Fryeburg.

Commuter connections from Westbrook and Windham to Portland are also envisioned for the future. This line provides a direct connection to the Portland Transportation Center, which would offer travelers access to local bus service, Amtrak *Downeaster* service to Boston, and connections to the national Amtrak network, as well as service north to Freeport and Brunswick.

Once the rail rehabilitation project is funded, an RFP for an operator on this rail line will be put out to solicit private rail-operator interest in operating on this line, similar to the public-private partnership that has successfully provided freight and seasonal excursion service on the state-owned *Rockland Branch* rail line.

Additional Regional Benefits

- Reintroduces freight rail and could eliminate an estimated 25,000 trucks from the region's road system.
- Opens up rail connections west to the Fryeburg area and the White Mountains.
- Makes better freight connections to the national freight rail system, which improves regional freight reliability and rates, through increased competition.

Ocean Gateway Megaberth Completion

Cruise ship traffic into the Port of Portland is continuing to expand. However, many of the newer ships are over 900 feet and need a larger berth. The proposed megaberth is permitted, dredged and can easily be reconfigured to handle these ships at a cost of \$8 million.

Benefits:

- Cruise ship spending benefits the entire Southern Maine regional economy and generates sales tax revenues, benefiting the entire state.
- Cruise ship operators are looking for new shore tours. They can connect to the Portland Transportation Center by shuttle bus, and access the rebuilt *Mountain Division* rail line to Fryeburg and eventually the White Mountains region of New Hampshire, as well as Kennebunkport and Freeport on the *Downeaster* corridor.
- Portland's new cruise ship capacity will be heavily used by the industry and will be supported by the new Ocean Gateway facility.

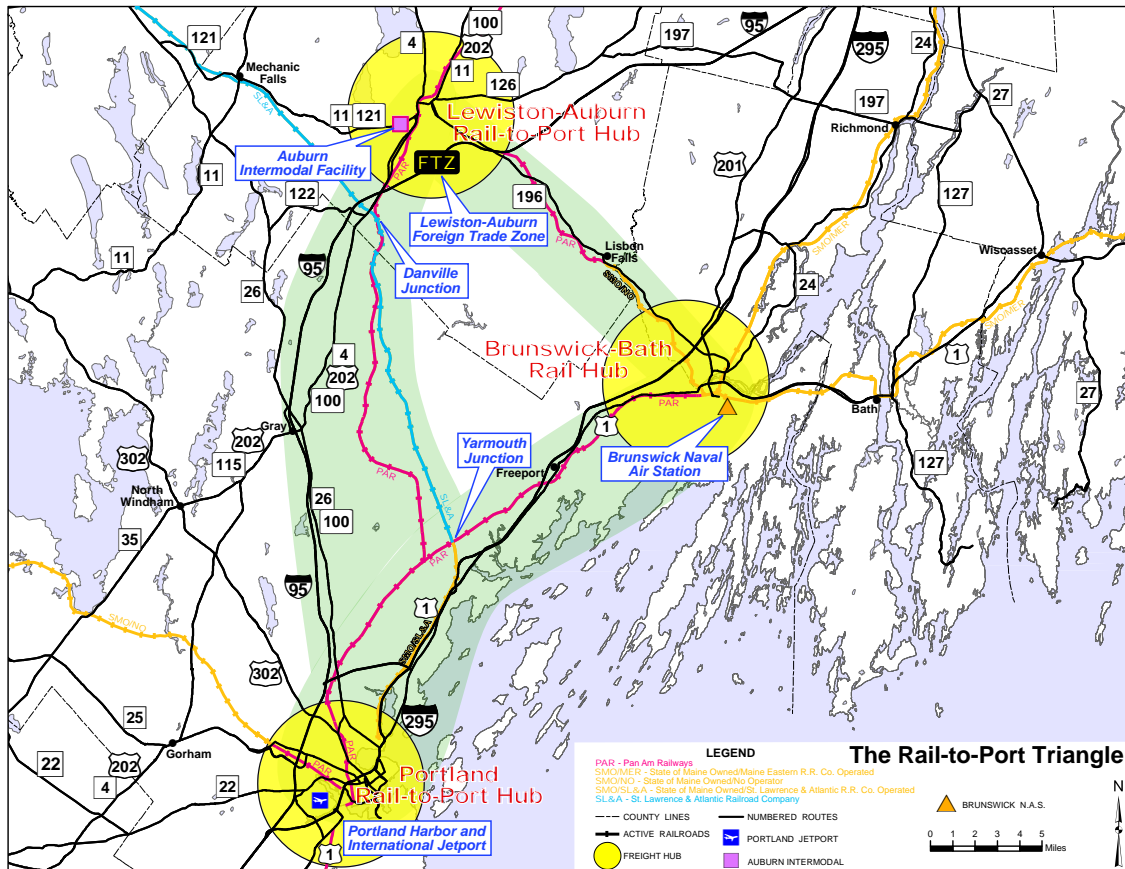
Portland to Lewiston/Auburn

The Portland to Lewiston/Auburn route is part of the federally designated Northern New England High Speed Rail Corridor. Rail planning in this corridor has included the design and permitting of a new intermodal facility at the Lewiston/Auburn airport, which would improve connections for auto, bus, rail and air travelers, and would serve commuters working in the Portland region.

The extension of rail service from Portland to Auburn would also achieve the stated goals and objectives of the 2007 Androscoggin Transportation Resource Center's (ATRC) long-range transportation plan—"to create an integrated multimodal metropolitan transportation system that would improve peak hour levels of service by eliminating delays and minimizing congestion; and, promote new and expanded use of rail lines for passenger and freight transportation."

Statewide Rail Plan

This year, MaineDOT has begun a Statewide Rail Plan to evaluate the freight and passenger rail system from the perspective of its overall structure, its operations, and its effect on economic development and mobility in Maine. The Statewide Rail Plan will identify the rail corridors in Maine that will be eligible for funding under the proposed Critical Rail Corridors Program.

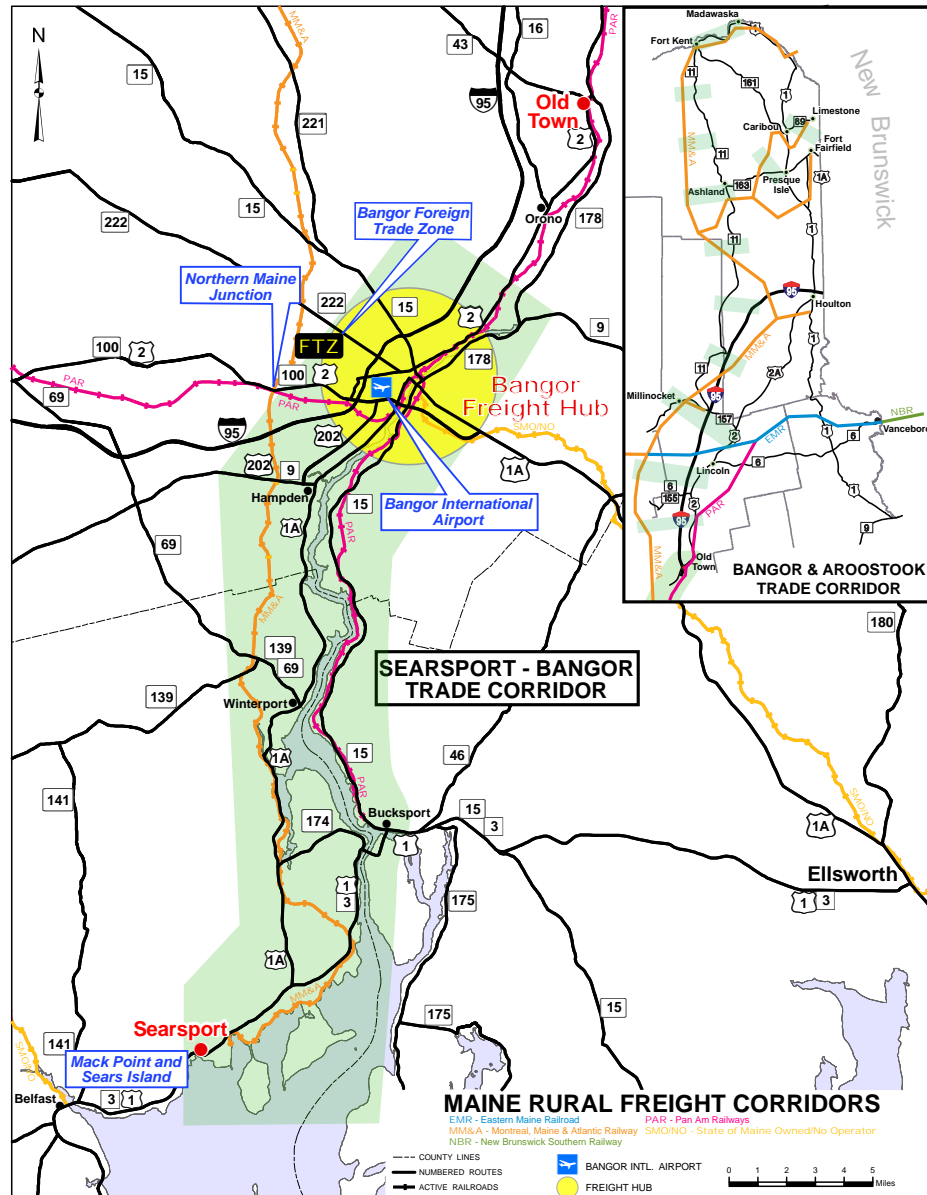


Rail-to-Port Triangle

The Rail-to-Port Triangle initiative will focus targeted investment between Portland, Brunswick and Lewiston/Auburn. This concept links both passenger and freight rail investments already in place with those currently being planned, and it will be examined further in the Statewide Rail Plan. With assets like the Port of Portland's seaport, the Auburn Intermodal Facility, Lewiston/Auburn's inland rail port connections, and the potential of a redeveloped Brunswick Naval Air Station, we must ensure that strategic investments are planned and prioritized.

The Rail-to-Port Triangle is an example of intermodal projects benefiting the movement of both people and goods. The investment in the Amtrak *Downeaster's* extension to Brunswick and the acquisition of the Yarmouth-to-Auburn St. Lawrence & Atlantic line support this strategy. A major planning study to address the shortcomings of Auburn's I-95 Exit 75 is being developed by the Maine Turnpike Authority, MaineDOT, the city of Auburn, and the ATRC. The aim of this study is to create more efficient

connections between I-95 (the Maine Turnpike), the Auburn Intermodal Facility, and the Lewiston-Auburn Rail-to-Port Hub's connection to the Port of Portland via the Maine Turnpike. This strategy also highlights the importance of seamless connections between highway, rail, and ports, be they marine or inland.



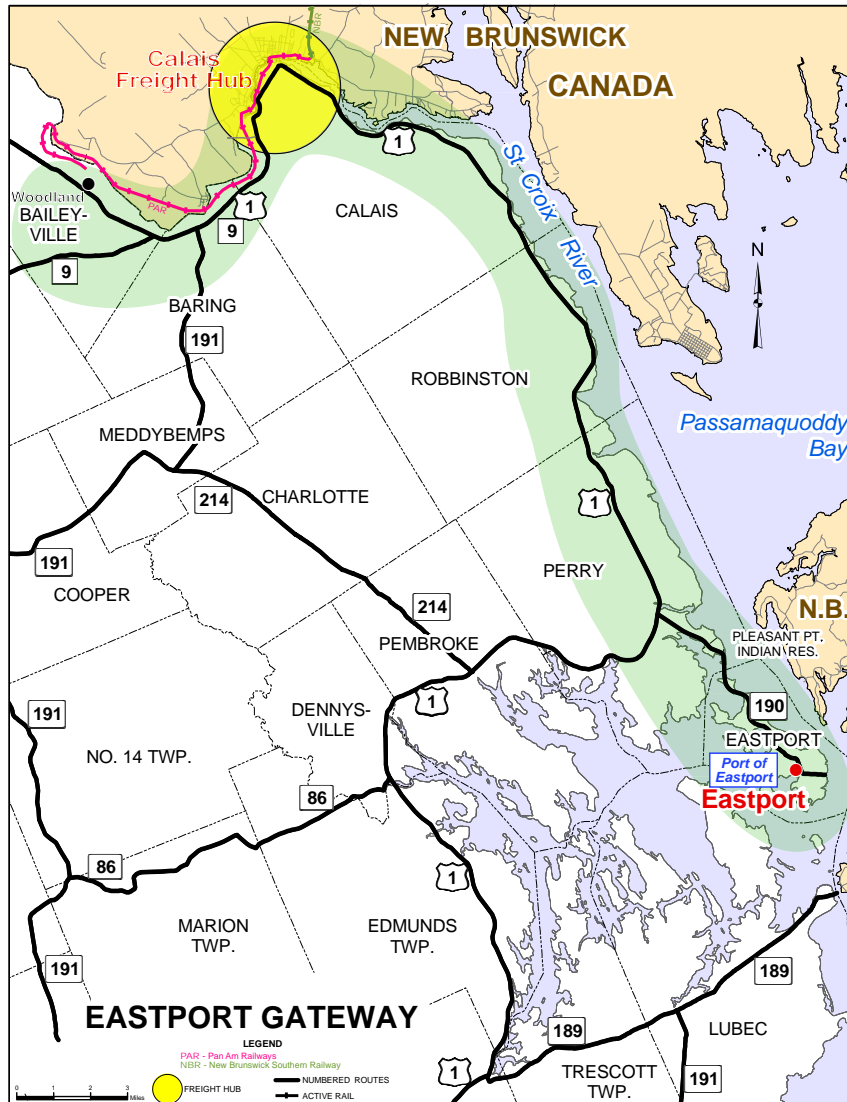
Searsport-Bangor Trade Corridor

The Bangor-Searsport freight corridor builds upon past accomplishments by targeting certain investments to help realize the economic potential of this region of the state. The combination of the existing assets of a deepwater port in Searsport and the Montreal, Maine and Atlantic Railroad's (MMA) regional connections is a good start. A functioning, new container port at the Port of Searsport, upgraded rail capacity, and an inland port designation in Bangor will create a powerful logistics corridor for this region. The Northeast CanAm Connections Study recently concluded that investments of \$5.8 billion in transportation infrastructure in the entire Northeast region could produce a return-on-investment of \$15.3 billion, with the potential to create 97,000 jobs, by 2035.

Bangor & Aroostook Trade Corridor

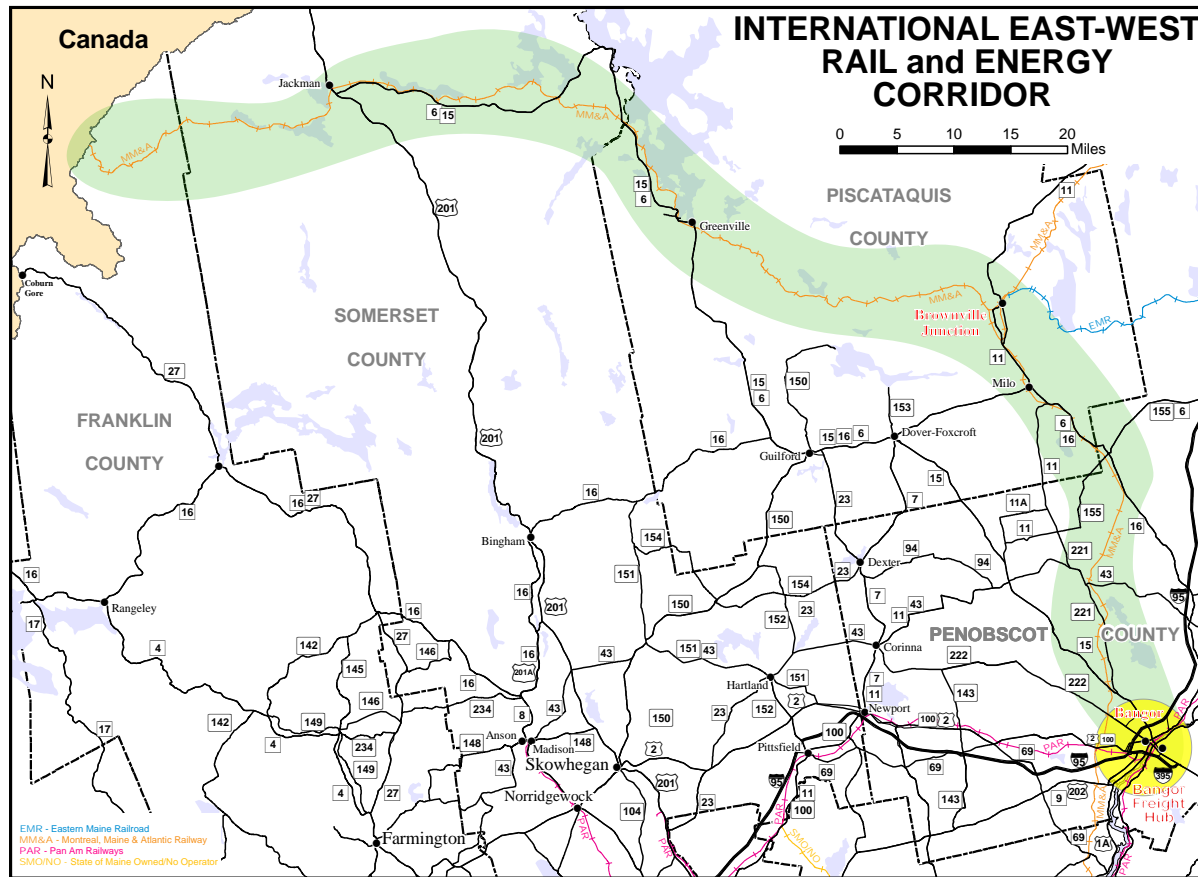
The Bangor & Aroostook Trade Corridor runs along the Interstate-95 right-of-way and the rail line of the old Bangor & Aroostook Railroad, now operated by the Montreal, Maine and Atlantic Railroad. This important corridor connects Aroostook County with the Bangor Freight Hub, the Port of Seaside, and Pan Am Railways to the south, and to the Province of Quebec to the west, also on the MMA Railroad. This corridor is the most important north/south logistical link in this region of northern Maine. It will benefit greatly from improved rail conditions.





Eastport Gateway Corridor - \$22 Million

The Bangor-Calais-Eastport freight corridor is another example of bringing much-needed investment to an area with many assets already in place. Key assets here are the Port of Eastport, the new bridge and border crossing in Calais that is scheduled to be opened later this year, and a Maine law allowing higher Canadian truck weights to Baileyville. Rehabilitating the rail corridor from Calais to Perry will add a rail shipment option the area has not had in more than 30 years. The planned project will rehabilitate the rail line from Calais to Perry to FRA Class 2 standards (25-mph operations) and construct a truck-to-rail transload and storage facility in Perry that includes equipment. This will allow shipments to and from the Port of Eastport to be put on rail for shipment, so Eastport can be more competitive in attracting cargoes, and giving Washington County businesses access to freight rail transportation. (See also page 16 - \$500K of additional ARRA funds may be used along with state bond funds to provide for additional cargo handling equipment at the Port of Eastport, which can make loading and unloading operations more efficient.)



The International East-West Rail and Energy Corridor - \$20 Million

The Montreal, Maine and Atlantic Railroad's corridor between the Bangor Freight Hub and Brownville Junction, and on to Montreal, provides an opportunity to invest in improving east-west rail connections with the added benefit of securing a potential future energy corridor. With the prospect of a container cargo port at Searsport, the MMA system will provide a direct connection from the Port of Searsport to the Bangor Freight Hub. At that junction, container cargo can access the MMA system westbound and the Pan Am system southbound. Access at the Hub to I-95 makes this junction the center of transportation efficiency for the forest-products and energy industries of the future.

Additionally, acquisition and improvement of the MMA line will provide faster and more reliable rail options for shippers, and will support the marketing of a major container port at Searsport. The acquisition would include the rights for the state of Maine to utilize the rail corridor right-of-way all the way to the terminus of the MMA line in Montreal. This energy-corridor banking could provide major benefits to the public, as renewable energy opportunities for rural Maine develop. Transmission access and capacity is a central issue in the growth of the energy industry sector in Northern, Central and Eastern Maine.

State Rail Funding Programs

The Governor's FY 2010-2011 Funding Proposal

MaineDOT is currently undertaking a Statewide Rail Plan that will also serve to identify “Critical Rail Corridors” in our statewide passenger and freight rail system. These corridors will be identified based on research and economic data, as well as on transportation system impact.

Maine Rail Connections

Improvements to State-Owned Track - \$1 Million Bond Funds

Freight and Passenger Benefits

The state owns 320 miles of rail lines with about 100 miles in active service and the remainder being held for future redevelopment. These funds will be used provide improvements to state-owned track, focusing on active lines including the *Rockland Branch* and the *Lewiston Lower Road*. The *Rockland Branch* provides freight service through a contract with the Maine Eastern Railroad. The ongoing improvement program is aimed at improving freight rail, as well as preparing for increased use of passenger rail service, especially seasonal excursion service that has operated over the last three years. With the Amtrak *Downeaster* extension to Brunswick, more opportunities to expand passenger rail opportunities to the Midcoast will become possible. Funding will allow continuation of the capital tie-replacement program on the *Rockland Branch*, which will maintain the tie, surface, and bridge conditions at FRA Class 3 standards.

The \$1 million included in the FY 2010-2011 bond proposal submitted for voter approval in November will provide for these improvements as well as capital requirements in other state-owned rail corridors. This will serve to protect the state’s investment in these corridors.

Industrial Rail Access Program (IRAP) Statewide - \$1 Million Bond Funds

This successful program increases freight rail use and reduces wear and tear on Maine's highway system. Since 1997, the state of Maine has funded \$6.8 million for the Industrial Rail Access Program (IRAP). This investment has been matched by private-sector investments in excess of \$9.6 million in two dozen locations around the state. IRAP provides matching grants to private businesses looking to upgrade rail infrastructure in order to move product via rail. It is the best economic development tool available for businesses that either want to move from truck-to-rail service or are solely dependent on rail service. It also helps to ensure the health of the state's railroads by providing new customers.

Critical Rail Corridors Program - \$2 Million Bond Funds

These proposed funds will capitalize the new Critical Rail Corridors Program, which will be modeled after the successful Industrial Rail Access Program (IRAP). Projects will be selected that score the strongest public benefit, such as:

- Enhancing freight and passenger rail service that provides dual transportation system benefit
- Servicing of key manufacturing industries
- Providing a net reduction in overall greenhouse gas emissions from the transportation sector

- Helping facilitate the shift of rail-appropriate freight from road to rail
- Promoting the leveraging of private or other funds for every state dollar invested

The above-mentioned Statewide Rail Plan is expected to be completed by December of this year and will determine which rail corridors will be eligible for Critical Rail Corridor funding.



Port Connections:

Three-Port Strategy

Maine's three seaports at Eastport, Portland, and Searsport have experienced average annual growth rates of 5.6% in dry cargo over the last 20 years, in large part due to Maine shippers using Maine ports in preference to congested out-of-state ports, and to continued improvement efforts at these ports. In 2007, Maine's Three Port Strategy was updated by MaineDOT and the Maine Port Authority. The resulting New Port Strategy called for major changes. Maine ports need to consistently stay flexible in order to prosper in this difficult economy. It is also a good time to acquire land for adjacent port facilities.

Each of these three seaports also anchors the freight corridor concepts already outlined. Sears Island is the beneficiary of a historic compromise between business, environmental and conservation interests. The city of Portland has recently entered into an agreement with the Maine Port Authority (MPA) whereby the MPA will lease and operate the city's International Marine Terminal. This, together with the \$3.5 million investment in the IMT proposed in the Governor's plan, will enhance the operational capability of the IMT. Finally, the Port of Eastport needs to quickly begin adapting to new cargos in order to flourish. Investment to help achieve that end is also included in the Governor's plan.

Three-Port Connections Initiative:

Port of Eastport - \$4.5 Million Bond Funds and \$0.5 Million ARRA Funds

To increase business through the Port of Eastport, resources would be directed toward infrastructure and/or the equipment necessary to help the port adapt to ongoing opportunities and challenges in evolving markets, such as new bulk handling conveyor capacity. (See also page 13; \$22 million of ARRA funds may also be sought to provide upgrades to the state-owned rail line between Calais and Perry.)

Port of Portland - International Marine Terminal and CAD Cell Improvements - \$13.5 Million ARRA Funds (\$3.5 Million for IMT and \$10 Million for CAD cell)

Freight operations at the International Marine Terminal (IMT) in Portland have been recently expanded into the area within the terminal that was formerly used for ferry operations. These funds will be used to reconstruct the lay-down area, to upgrade lighting, and to widen the pier access area, in order to accommodate equipment. The objective is to improve services that provide enhanced shipping options for Maine's paper industry and other sectors of the economy.

Funds would also be used for the construction of a **contained aquatic disposal** (CAD) cell, for use during the upcoming Portland Harbor dredge project. With a practice similar to one that has recently been used in harbors with similar challenges, such as in Boston and Providence, this project would excavate a cell on the edge of the federal channel, where contaminant dredge spoils could be deposited and then capped with clean fill. Such a project will help to ensure the future of a number of water-dependent businesses along the Portland Harbor waterfront, which otherwise would not be able to afford other disposal methods.

Port of Searsport - \$7 Million ARRA Funds

This funding would be invested at Mack Point for a port crane with heavy lift capacity for the dry cargo pier.

Searsport Channel Dredge – \$1.25 Million Bond Funds, \$3.75 Million Private Investment Funds, and \$12 Million U.S. Army Corp of Engineers Funds (Total: \$17 Million)

These funds will provide the state share for the Searsport Harbor channel-deepening project. The ACOE is co-sponsor of the project and will fund the \$12 million federal share of the estimated \$17 million investment. The project will deepen the channel from 35' to 40' at mean low water. Newer vessels require deeper drafts and under-keel clearance. This important investment is required in order for Searsport to achieve its potential as a competitive international cargo port.



